



MEMORANDUM

Date: April 29, 2021

To: Teachers' and State Employees' Retirement System Board of Trustees (TSERS Board)

From: Patrick Kinlaw, Director of Policy, Planning, and Compliance

Re: Annual Report on Inactive TSERS Employers Pursuant to G.S. 135-5.5(b)

G.S. 135-5.5, added by Section 1.9.(a) of Session Law 2020-48 effective June 26, 2020, provides for a formal process for an employer under TSERS to be designated as "inactive." Inactive employers have not withdrawn from TSERS. They currently have no employees who meet the conditions to qualify for membership under TSERS, and therefore would not have any information to report on the service and compensation of qualifying members for at least one month. Upon employing individuals who qualify for membership under TSERS, the employer would again become "active," making regular payroll-based reports and contributions to TSERS. Designation as an inactive employer requires a written application from the employer, reviewed and approved by the Retirement Systems Division of the Department of State Treasurer (RSD).

G.S. 135-5.5(b) provides: "No later than April 30 of each calendar year, [RSD] shall make a report to the [TSERS Board] on all employers who were determined to be inactive employers in that preceding calendar year."

No employers under TSERS were determined to be inactive during calendar year 2020. As of the end of 2020, RSD was not aware of any TSERS employers who would have potentially met the criteria for applying to become inactive employers.